

TO: Federal Trade Commission

FROM: Tom McDougall, West Fargo, ND

RE: Proposed Rule Changes to Direct Selling Industry

My wife and I have been IBOs affiliated with Quixtar and related companies since 1992. We are not "big pins" - yet - but have had tremendous success in other areas which we attribute specifically to our affiliation with our business support team as related to the Quixtar business. We are currently on track to produce \$250,000 or more in business this year, and have our sights set on the "Emerald" level within the next 12 months. We may not have a huge "Quixtar" business, but a few basic thoughts are that without it, we wouldn't be running our own successful computer networking company, own the real estate we do, nor can I say for certain that we'd even still be married. There's much more to being part of this team than simply making a bunch of money!

Specifically addressing some of the issues, when we registered, we were given ample opportunity to research our decision, and offer that same opportunity to others. We've always understood this is not a "get rich quick" scheme, and directly relay that to any prospective partners we interview. This takes work, and there is no guarantee of success, but the opportunity is nearly unlimited for those who strive to achieve! For an investment of less than \$200, and hard work, anyone can build a business as part of our team, mainly because we and the rest of our support team are there to help at every step along the way. Because we offer such good support, and are very open as to what the opportunity really is, I don't see the point of a required "waiting period" of any kind - people will register on their own time frames, and we don't need regulations to slow those people down who are ready to "run" immediately. Even if someone were to feel they made a mistake in registering, they have the ability to get almost all of their money back simply by asking.

References - Almost everyone that joins our team has the opportunity to meet others on the team that they will be working with before they register. It makes no sense to require a list of references within a specific area, as the new prospect may live in an area where there are no other references working with the same line of sponsorship. The challenge is that, since there are different lines of sponsorship, I see this particular requirement causing much more confusion for new prospects than it would do them good, and confusion ultimately stops people from moving forward in any endeavor.

Litigation List - this requirement is basically ridiculous! Every business of any kind has people who don't want them to succeed, and in our country, one way to hurt them is to file a lawsuit. This requirement opens up ALL businesses to frivolous lawsuits, and the average person has no way of knowing which are legitimate, and which are "bogus". The internet is already full of untrue information related to many companies that keeps people from even trying opportunities, and this rule would make it much worse. I can see the day when competitors hire people to file lawsuits against each other so this rule ultimately stops their business, and none of us want that to happen.

Earnings Disclosures - We share a document with every prospect that clearly spells out what they should expect for earnings, what the averages are for all IBOs, and what the averages are for other specific sizes of businesses. We also go over an example of how to build a successful business, and leave a document that explains exactly how the example works. It would be impossible to cover all scenarios, but the literature we leave with a prospect provides the information required to build their own examples of any business size and shape.

Substantiation - Frankly, it's none of their business what MY specific income is, because it has no bearing on what they can do for themselves! We do not share our personal income, just as we wouldn't share what we make on our jobs. As stated earlier, the benefits of being an IBO are often much broader than income, which is impossible to substantiate. Also, many of us have multiple forms of income, much which may be unrelated to "Quixtar" income, making "full disclosure" literally impossible, as well as inappropriate.

Sincerely,

Tom McDougall